

## Message Text

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PAGE 01 NEW DE 03727 090719Z  
ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 INT-05 AID-05 CIAE-00  
FRB-01 INR-10 NSAE-00 USIA-15 TRSE-00 XMB-04  
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 /085 W  
-----027957 092152Z /64

R 090644Z MAR 78  
FM AMEMBASSY NEW DELHI  
TO SECSTATE WASHDC 056  
INFO USDOC WASHDC  
AMEMBASSY MOSCOW  
AMCONSUL BOMBAY  
AMCONSUL CALCUTTA  
AMCONSUL MADRAS

UNCLAS NEW DELHI 3727

DEPT. PLEASE PASS TO USGS AND USBURMINES

E.O. 11652: N/A  
TAGS: EMIN IN UR  
SUBJECT: EAST COAST BAUXITE/ALUMINA PROJECTS

REF: NEW DELHI 2937

1. ON MARCH 6, 1978 PUBLIC SECTOR BHARAT ALUMINUM COMPANY LIMITED (BALCO) SIGNED AGREEMENT WITH SOVIET AGENCY TSVETMET-PROMEXPORT FOR BAUXITE/ALUMINA FEASIBILITY STUDY. THE APPROXIMATE RS. 10 MILLION STUDY TO BE FINANCED BY BALCO CALLS FOR AN EVALUATION OF THREE OR FOUR MAJOR BAUXITE DEPOSITS IN ANDHRA PRADESH (AP) TO IDENTIFY MOST SUITABLE DEPOSIT FOR IMMEDIATE EXPLOITATION WHICH WOULD DETERMINE SIZE AND LOCATION OF ALUMINA PLANT. MINIMUM SIZE OF PLANT UNDER CONSIDERATION IS 600,000 METRIC TONS (MT).

2. AFTER STUDY IS COMPLETED IN 12-15 MONTHS, GOI WILL MAKE INVESTMENT DECISION BASED ON VIABILITY OF PROJECT. DECISION  
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WILL BE PREDICATED ON ABILITY TO ARRANGE LOCAL COST FINANCING OF CONSTRUCTION AND SECURING LONG-TERM EXPORT COMMITMENTS FOR ALUMINA. SOVIETS HAVE INDICATED WILLINGNESS TO IMPORT 300,000 MT OF ALUMINA ANNUALLY. HOWEVER, EXTENT OF THEIR PARTICIPATION IN CONSTRUCTION AND FINANCING HAS YET TO BE WORKED OUT.

3. THE SOVIET AGREEMENT FOLLOWS ON HEELS OF THE PECHINEY CONTRACT

(SEE REFTEL) TO UNDERTAKE SIMILAR STUDY IN ORISSA. SHOULD STUDIES PROVE BOTH PROJECTS VIABLE, PRODUCTION OF ALUMINA FROM PLANTS IN AP AND ORISSA COULD COMMENCE BY 1982. EXCLUDING COST OF ALUMINUM SMELTER AND CAPTIVE POWER PLANT PLANNED FOR THE ORISSA PROJECT, ESTIMATED COST OF EACH PROJECT IS PLACED AT RS. 4.0 - 4.5 BILLION (DOLS 500 - 550 MILLION).

4. THE JOINT DECLARATION SIGNED BETWEEN GOI AND USSR IN MOSCOW OCTOBER 26, 1977 SET FORTH AREAS OF COOPERATION OF WHICH EAST COAST BAUXITE/ALUMINA PROJECT WAS ONE OF SEVERAL. THIS HAS NOW BEEN STRENGTHENED BY SIGNING ON MARCH 6, 1978 OF PROTOCOL ON LONG-TERM ECONOMIC AND TECHNICAL COLLABORATION BETWEEN TWO COUNTRIES THAT IDENTIFIES A NUMBER OF AREAS IN THE STEEL AND MINERAL SECTORS FOR SOVIET PARTICIPATION. EMBASSY WILL REPORT IN SEPARATE CABLE ON ECONOMIC PROTOCOL RECENTLY SIGNED WITH SOVIETS.  
GOHEEN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BAUXITE, MINING, PROGRAMS (PROJECTS)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1978NEWDE03727  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Office:** ACTION EB  
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**Review Markings:**  
Sheryl P. Walter  
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